



City of Austin, Texas

40

\$150,000,000

Electric Utility System Revenue Refunding Bonds, Series 2006



The PFM Group

Public Financial Management, Inc.
PFM Asset Management LLC
PFM Advisors

Pricing Report

May 18, 2006



\$150,000,000

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Refunding Bonds – The Bonds are being issued to refund the City's outstanding tax-exempt commercial paper issued for the Electric Utility System, thereby enabling the City to restore the available capacity under its commercial paper note program, which will permit the City to issue commercial paper notes pursuant to its current program in the principal amount of the Refunded Notes.



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ISSUER	City of Austin, Texas
TYPE OF SALE	Competitive
BOND COUNSEL	Fulbright & Jaworski, L.L.P.
PURCHASER	Lehman Brothers
SECURITIES COUNSEL	McCall, Parkhurst & Horton
FINANCIAL ADVISOR	Public Financial Management



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Austin Energy Bond Ratings Upgrades

	<u>Old</u>	<u>New</u>
MOODY'S		
Combined Prior Lien	A2	A1
Combined Subordinate Lien	A2	A1
Electric Parity Lien	A3	A1
S & P		
Combined Prior Lien	A+	AA-
Combined Subordinate Lien	A	A+
Electric Parity Lien	A	A+
FITCH		
Combined Prior Lien	A+	AA-
Combined Subordinate Lien	A+	AA-
Electric Parity Lien	A+	AA-



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Bond Market Update

MARKET POST: MUNIS ERASE YESTERDAY'S LOSSES

May 18 2006 10:43

By Bill Curran and Michael Scarchilli, The Bond Buyer NEW YORK (Thomson)—After losing ground yesterday when traders' fears of inflation were justified by higher-than-expected consumer prices in April, the municipal market firmed this morning on a sharp rebound in Treasuries. Traders said municipal yields declined by three to four basis points this morning. "Obviously, we're had a spike in the Treasury market this morning, and in our market all the arbs are better buyers...and people have bumped all of their offerings," a trader in New York said. "We're just trying to pull everything together with the rocky week we've had, with the sell-off yesterday after two pretty good days Monday and Tuesday. But people have remained involved in the secondary. There's still not a whole lot of supply to distract them." Trades reported by the Municipal Securities Rulemaking Board this morning showed some gains. A dealer bought from a customer Liberty, N.Y., Development Corp. 5.25s of 2035 at 4.74%, three basis points lower than where the bonds were sold yesterday. A dealer bought from a customer Massachusetts Development Finance Agency 5s of 2035 at 4.70%, one basis point lower than where the bonds were traded yesterday. A dealer bought from a customer insured Chicago, Ill., O'Hare International Airport 5s of 2033 at 4.70%, one basis point lower than where they were sold Tuesday. A dealer sold to a customer Peninsula Ports Authority, Va., 5.4s of 2033 at 5.44%, even with where they were priced Tuesday. The Treasury market erased yesterday's inflation-spurred losses, with the 10-year note's yield declining six basis points to 5.10% this morning. Today's economic data was mixed. The Composite Index of Leading Economic Indicators fell 0.1% in April, The Conference Board reported, below the median forecast of 0.2% by economists surveyed by IFR Markets. Meanwhile, first-time applications for state unemployment benefits surged 42,000 to 367,000 in the week ended May 13, according the Labor Department. The seasonally adjusted figure was spurred by 46,000 layoffs in Puerto Rico that were tied to the partial government shutdown on the island that ended this week. Excluding those layoffs, claims would have been 312,000, a Labor Department economist said. The 367,000 figure was far above both the 317,000 level predicted by IFR Markets and the previous week's revised figure of 325,000, originally reported as 324,000. The four-week moving average — typically seen as a better gauge of unemployment — was 333,250, an increase of 15,750 from the previous week's revised average of 317,500 originally reported as 317,250. Still ahead on the economic front, the Federal Reserve Bank of Philadelphia at noon, EDT, will release its index of regional business activity. IFR expects an index reading of 12.5 for May. After seeing some of the week's largest deals price yesterday, the new-issue calendar is lighter today, but several fairly sizeable deals will still come to market. In the largest deal of the session, the Highlands County, Fla., Health Facilities Authority will sell \$200 million of hospital revenue bonds in a deal senior managed by Ziegler Capital Markets of Chicago and co-managed by Citigroup Global Markets. Austin, Texas, will competitively sell \$150 million of electric utility system revenue refunding bonds. The bonds will be insured by Financial Security Assurance and mature serially from 2008 through 2035. And, Banc of America Securities will price \$101 million of general obligation bonds for the Mississippi Development Bank. The deal will be insured by XL Capital Assurance.

Visible Supply: The Bond Buyer's 30-day visible supply fell today by \$1.180 billion to \$7.760 billion. The total is comprised of \$3.991 billion of competitive deals and \$3.768 billion of negotiated bonds.

Previous Session's Activity: The Municipal Securities Rulemaking Board reported 35,456 trades yesterday of 15,162 separate issues for volume of \$23.51 billion. Most active was Hamilton County Industrial Redevelopment District 5.1s of 2031, which traded 67 times at a high of 99.644, and a low of 99.250.

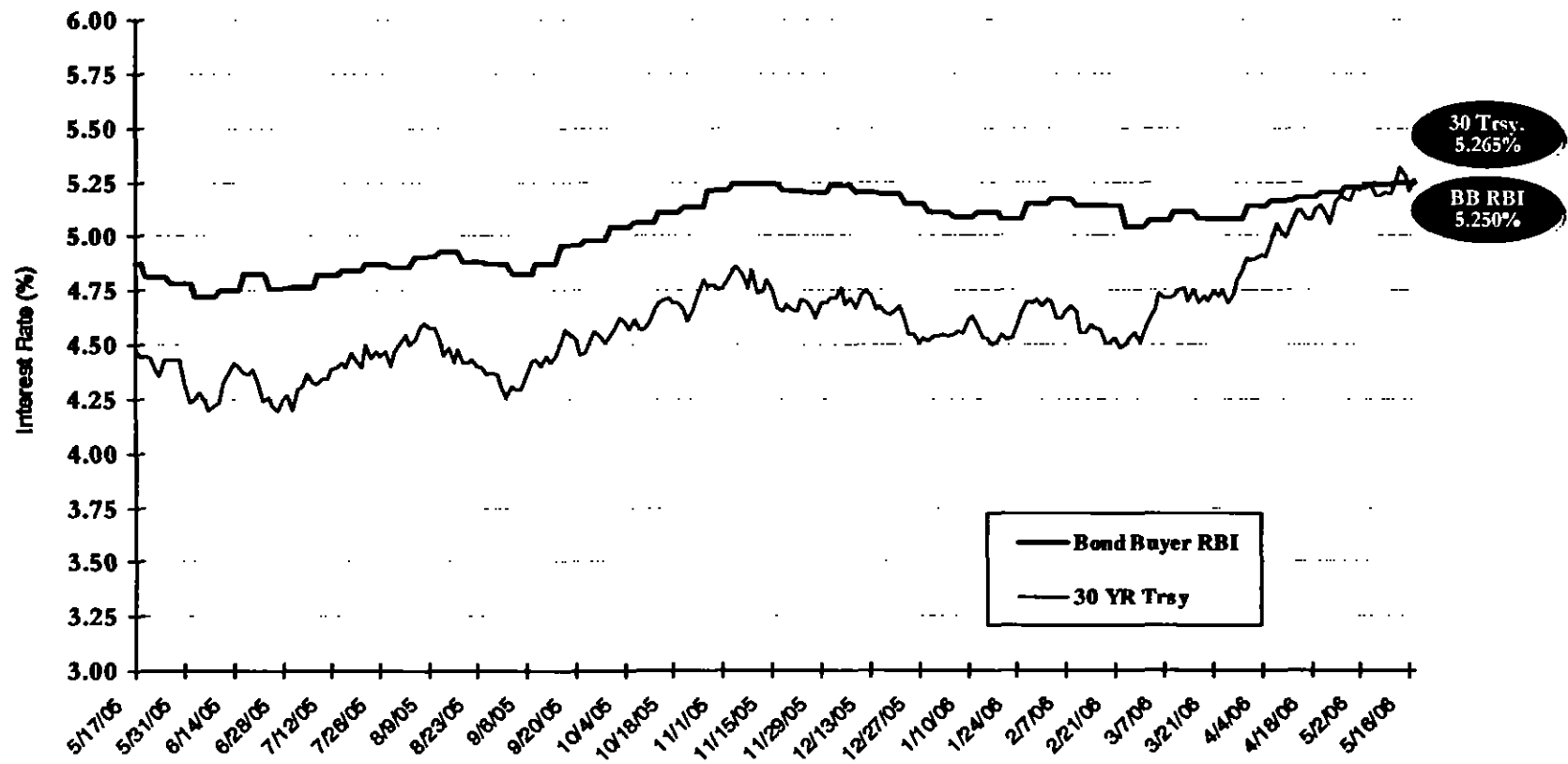


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Bond Buyer Revenue Bond Index vs. 30 Year Treasury May 2005 through May 2006



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Municipal Markets Calendar

COMPETITIVE

<u>Week of</u>	<u>Amount</u>	<u>Issuer</u>	<u>State</u>	<u>Issue</u>	<u>Manager</u>
May 15, 2006	\$ 91,755,000	Orange County	FL	Rev	N/A
May 15, 2006	\$ 100,000,000	Louisville/Jefferson Co Swr Dt	KY	Rev	N/A
May 15, 2006	\$ 178,170,000	Portland, City of	OR	Rev	N/A
May 15, 2006	\$ 70,000,000	Suffolk Co Wtr Auth	VA	Rev	N/A
May 15, 2006	\$ 105,000,000	North Las Vegas, City of	NV	GO	N/A
May 15, 2006	\$ 150,000,000	Austin, City of	TX	Rev	N/A

NEGOTIATED

<u>Week of</u>	<u>Amount</u>	<u>Issuer</u>	<u>State</u>	<u>Issue</u>	<u>Manager</u>
May 15, 2006	\$ 200,000,000	Highlands Co Health Fac	FL	Rev	Ziegler Cap Mkts
May 15, 2006	\$ 44,129,000	SW Illinois Dev Auth	IL	Rev	Stifel Nicolaus
May 15, 2006	\$ 77,080,000	California Educ Fac Auth	CA	Rev	Prager Sealy
May 15, 2006	\$ 200,000,000	Connecticut, State of	CT	GO	Bear Stearns
May 15, 2006	\$ 80,300,000	Univ of Illinois BOT	IL	COP's	Morgan Stanley
May 15, 2006	\$ 101,850,000	Mississippi Dev Bank	MS	GO	Govt Consultants



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Maturity Schedules

Electric Utility Revenue Refunding Bonds, Series 2006							
<u>Maturity</u>	<u>Principal</u>	<u>Coupon</u>	<u>Yield</u>	<u>Maturity</u>	<u>Principal</u>	<u>Coupon</u>	<u>Yield</u>
11/15/2008	\$ 2,900,000	4.000%	3.700%	11/15/2019	\$ 4,500,000	5.000%	4.390%
11/15/2009	3,000,000	5.000%	3.730%	11/15/2020	4,700,000	5.000%	4.430%
11/15/2010	3,200,000	5.000%	3.760%	11/15/2021	4,900,000	5.000%	4.430%
11/15/2011	3,300,000	5.000%	3.820%	11/15/2022	5,100,000	5.000%	4.490%
11/15/2012	3,400,000	5.000%	3.890%	11/15/2023	5,300,000	5.000%	4.510%
11/15/2013	3,500,000	5.000%	3.980%	11/15/2024	5,600,000	5.000%	4.530%
11/15/2014	3,700,000	5.000%	4.080%	11/15/2025	5,800,000	5.000%	4.550%
11/15/2015	3,800,000	5.000%	4.160%	11/15/2026	6,100,000	5.000%	4.520%
11/15/2016	4,000,000	5.000%	4.220%	11/15/2027	6,400,000	5.000%	4.540%
11/15/2017	4,100,000	5.000%	4.270%	11/15/2028	6,600,000	5.000%	4.560%
11/15/2018	4,300,000	5.000%	4.350%	11/15/2029	6,900,000	5.000%	4.570%

TERM BONDS

	<u>Principal</u>	<u>Coupon</u>	<u>Yield</u>
11/15/2032	22,800,000	5.000%	4.610%
11/15/2035	26,100,000	5.000%	4.640%



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Bid Results

Austin \$150,000,000 Electric Utility System Revenue Refunding Bonds, Series 2006

The following bids were submitted using *PARITY*® and displayed ranked by lowest TIC.
Click on the name of each bidder to see the respective bids.

Bid Award*	Bidder Name	TIC
<input type="checkbox"/>	Lehman Brothers	4.664639
<input type="checkbox"/>	Merrill Lynch & Co.	4.667791
<input type="checkbox"/>	UBS Securities LLC	4.669114
<input type="checkbox"/>	Goldman, Sachs & Co.	4.672367
<input type="checkbox"/>	Bank of America Securities LLC	4.677081
<input type="checkbox"/>	Bear, Stearns & Co., Inc.	4.682315
<input type="checkbox"/>	Citigroup Global Markets Inc.	4.682612
<input type="checkbox"/>	Morgan Stanley & Co Inc.	4.684356
<input type="checkbox"/>	First Albany Capital Inc.	4.689117
<input type="checkbox"/>	Southwest Securities, Inc.	4.692500
<input type="checkbox"/>	Wachovia Bank, National Association	4.693624
<input type="checkbox"/>	Morgan Keegan & Company, Inc.	4.702746

*Awarding the Bonds to a specific bidder will provide you with the Reoffering Prices and Yields.